

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: July 15, 2010
POSITION: Neutral
SPONSOR: California Motorcycle Dealers Association

BILL NUMBER: AB 2597
AUTHOR: B. Berryhill

BILL SUMMARY: Vehicles: Manufacturers and Distributors

This bill would prohibit motorsports vehicle manufacturers from taking certain actions against motorsports vehicle dealers, such as minimum inventory requirements and unfair discrimination.

FISCAL SUMMARY

The Department of Motor Vehicles (DMV) estimates costs to investigate violations to be minor and absorbable.

SUMMARY OF CHANGES

Amendments to this bill since our analysis of the April 8, 2010 version are minor and do not alter our position.

COMMENTS

Finance is neutral because costs to DMV are minor and absorbable, and the bill's provisions may protect motorcycle dealers from being pressured to take more inventory than they can reasonably expect to sell.

The bill would prohibit unfair discrimination in favor of a dealer. Unfair discrimination is defined as special pricing, financing and delivery terms based on inventory size or purchasing history or volume, and customer referrals outside of a dealer's geographic area unless requested by the customer.

The author's office has presented the bill as a means to protect motorcycle dealers from being pressured to take what is considered their "quota" of stock from motorcycle manufacturers. Dealers who do not take certain levels of inventory are not eligible for dealer discounts, promotional financing, customer rebates, and other specified offers tied to orders.

		SO	(Fiscal Impact by Fiscal Year)								
Code/Department		LA	(Dollars in Thousands)								
Agency or Revenue		CO	PROP								Fund
Type		RV	98	FC	2010-2011	FC	2011-2012	FC	2012-2013	Code	
2740/DMV		SO	No		-----	Minor Fiscal Impact	-----			0044	
<u>Fund Code</u>	<u>Title</u>										
0044	Motor Vehicle Account, STF										

Analyst/Principal (0744) J. Gregg	Date	Program Budget Manager Mark Hill	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)